

December 24, 2009

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

Re: Submission of Comments in Response to August 26, 2009 Proposed Rule
Docket No. R-1366

Dear Board of Governors:

I am writing to you on behalf of Mortgagebot LLC, a company located in Mequon, Wisconsin ("we" or "Mortgagebot"). Mortgagebot is a technology company founded in 2000 that provides over 900 financial institutions and other lenders throughout the United States with online mortgage loan application and disclosure software. This software allows loan originators and consumers to more efficiently and accurately navigate the loan application process by automating many of the application and disclosure requirements under the Truth in Lending Act ("TILA") and the Real Estate Settlement Procedures Act ("RESPA").

Recently, the Federal Reserve System (the "Federal Reserve") issued a request for comments in connection with proposed regulations and accompanying commentary under Regulation Z (the "Proposed Rule") that would result in significant changes to activities involving closed-end loans secured by a consumer's real property or dwelling. Mortgagebot is supportive of the Federal Reserve's efforts to increase consumer understanding of loan terms throughout the application process, and we appreciate the opportunity to comment on this Proposed Rule.

Mortgagebot has carefully considered the Proposed Rule, and respectfully submits to you the following comments:

- 1. Average Prime Offer Rate ("APOR") data should be provided in a format that supports automation.**

The Proposed Rule would require loan originators to disclose the annual percentage rate ("APR") offered to the consumer in relation to the APOR for borrowers with excellent credit for a comparable loan type in the week in which the disclosure is provided. The applicable APR and APOR must be disclosed on a graph as described under proposed § 226.38(b)(2). We understand that the Federal Reserve publishes APOR figures in a spreadsheet format on a website hosted by the Federal Financial Institutions Examination Council (the "FFIEC"). In order to properly complete the proposed model disclosure form, loan originators would have to accurately transfer weekly data from the FFIEC spreadsheets onto disclosure forms.

The Federal Reserve has requested comment on “any potential operational difficulty in producing the graph proposed in § 226.38(b)(2) in an accurate and timely manner.” Mortgagebot requests that the Federal Reserve consider providing APOR data in formats that would allow automated weekly downloads of the information. Examples of formats that would allow automated downloads include application programming interfaces (commonly referred to as “APIs”) and “web services.” Allowing automated downloads of APOR information by providing the data in these types of formats would increase the efficiency and accuracy of the required disclosures by eliminating the potential for error.

Mortgagebot would like to point out that the use of electronic means to obtain loan applications and provide regulatory disclosures is becoming increasingly common in the mortgage lending industry. Thus, we believe that providing a way to automatically gather accurate APOR data will be beneficial to software companies, loan originators, and consumers.

2. Using settlement costs from the Good Faith Estimate (“GFE”) to complete Truth in Lending forms may result in inaccurate disclosures.

Currently, § 226.19(a)(1)(i) requires mortgage loan originators to provide a disclosure outlining the credit transaction (the “Early TIL”) to consumers within three business days after receiving an application. Proposed § 226.38(a)(4) would require the disclosure of the “total settlement charges” in the Early TIL as those charges appear on the GFE. We understand that the purpose of using the total settlement charges as they appear in the GFE is to provide consistency between the GFE and the Early TIL. However, we are concerned that the total settlement charges as reflected in the GFE do not accurately reflect the closing costs that will be borne by the consumer.

For example, owner’s title insurance in Wisconsin is always paid for by the seller. However, the new GFE requires loan originators to disclose an amount for owner’s title insurance regardless of who will pay for it. That means the GFE and, as a result, the “total settlement charges” that appear in the Early TIL, will include charges that will not actually be incurred by the borrower.

We believe there are other similar examples that will result in the presentation of inaccurate figures in the “total settlement charges” section of the Early TIL. We believe that, if these charges are going to be separately disclosed in the Early TIL, consumers should have the benefit of considering a figure that accurately represents their total settlement charges. Accordingly, we urge the Federal Reserve to either consider other methods of determining total settlement charges, or work together with the Department of Housing and Urban Development (“HUD”) to develop a method of accurately calculating borrowers’ total settlement charges.

3. Mortgagebot supports the combination of the GFE and the Early TIL.

Historically, the Federal Reserve, HUD, consumer groups, and industry commentators have observed that disclosures made in the GFE and Early TIL overlap considerably. We note that the Proposed Rule addresses the possibility that the Federal Reserve and HUD could

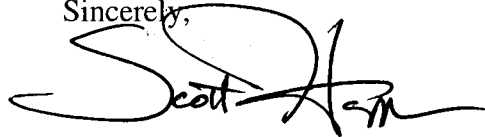
potentially develop a single disclosure form that creditors could use to combine the initial disclosures required under TILA and RESPA.

Mortgagebot believes that such a single disclosure form is in the best interests of both creditors and consumers. A single disclosure form would result in a dramatic reduction in costs for loan originators and the elimination of a substantial amount of consumer confusion. We want to make it clear that we support any efforts by the Federal Reserve and HUD to combine disclosure forms and to otherwise promote clear, concise and accurate information to provide to consumers.

* * *

We hope that these comments will be helpful to the Federal Reserve as the Proposed Rule is considered and revised for implementation. Mortgagebot supports the efforts of the Federal Reserve to promote clear and accurate disclosures so that consumers can clearly understand the cost of credit and comparison shop. Thank you again for giving us the opportunity to comment on this Proposed Rule. If you have any further questions about Mortgagebot or anything discussed in this letter, please feel free to contact me at (262) 292-0888 or Scott.Happ@mortgagebot.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Happ", with a stylized flourish extending to the right.

Scott Happ
President and Chief Executive Officer
Mortgagebot LLC